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Kuwait: Post-Saddam Issues and U.S. Policy

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Summary

Kuwait has celebrated the fall of Iraq's Saddam Hussein, who invaded and occupied Kuwait in 1990, but the small state remains wary of continuing instability and insurgency there. Following Saddam's fall, Kuwait has begun focusing on long dormant issues, including leadership transition and political and economic reform, although domestic differences remain over the pace of change. This report will be updated as developments warrant. See also CRS Report RL31533, *The Persian Gulf States: Post-War Issues for U.S. Policy*, 2003.

Overview

Kuwaitis appear optimistic about their future now that Saddam Hussein is out of power in Iraq, but a potential leadership transition looms. Shaykh Jabir Ahmad al-Jabir Al Sabah, who is about 75 years old, has been Amir since 1978. He suffered a stroke in September 2001, and his relative, Crown Prince Shaykh Sa'ad Abdullah Al Sabah, is also seriously ill. Shaykh Sa'ad had been running the government until 1998, when his ailments necessitated he delegate that operational role to deputy Prime and Foreign Minister Shaykh Sabah al-Ahmad al-Jabir Al-Sabah (younger brother of the Amir). Following the July 5, 2003 parliamentary elections, Shaykh Sabah was appointed Prime Minister, separating that post from that of Crown Prince for the first time. Shaykh Sabah is perceived as reform-minded, particularly on economic reform. Younger leaders, such as Foreign Minister Mohammad Al Sabah and Oil Minister Ahmad Fahd Al Sabah, are unlikely to assert themselves as long as their elders remain in office. The Al Sabah family rules over a population of about 2.4 million (900,000 are citizens); there is no visible, militant opposition to Sabah rule.

U.S.-Kuwait Political and Security Relations

A U.S. consulate was opened in Kuwait in October 1951 and was elevated to embassy status upon Kuwait's independence from the United Kingdom in 1961. Kuwait, the first Gulf state to establish relations with the Soviet Union in the 1960s, was not particularly close to the United States in the 1960s and 1970s, opposing what it perceived as U.S. favoritism of Israel. U.S.-Kuwait defense and political relations warmed

considerably at the height of the Iran-Iraq war (1987-88), when the United States established a U.S. naval escort and tanker reflagging program to protect Kuwaiti and international shipping from Iranian naval attacks (Operation Earnest Will).

Kuwait was severely shaken by the 1990 Iraqi invasion and the Kuwaiti leadership and military were heavily criticized domestically for the virtual absence of a defense against the Iraqi invaders. The country drew even closer to the United States after U.S. forces spearheaded the liberation of Kuwait in the January-March 1991 Persian Gulf war. It signed a ten-year defense pact with the United States on September 19, 1991, the text of which is classified; in September 2001, the pact was renewed for another ten years. Observers say the pact does not explicitly require that the United States defend Kuwait in a future crisis, but provides for mutual discussions of crisis options. They add that the agreement provides for joint military exercises, U.S. training of Kuwaiti forces, arms sales to Kuwait, pre-positioning of U.S. military equipment, and U.S. access to Kuwaiti facilities. It is also said to include a Status of Forces Agreement (SOFA), providing that U.S. forces in Kuwait be subject to U.S. rather than Kuwaiti law.¹ Kuwait also signed defense pacts with the other four permanent members of the U.N. Security Council.

Kuwait contributed materially to the defeat of Iraq in the 1991 war and subsequent containment efforts,² paying \$16.059 billion to offset the costs of Desert Shield/Desert Storm (all received by the end of 1991). Kuwait paid about \$226 million toward the U.S. costs to militarily reinforce Kuwait during an October 1994 crisis with Iraq, in which Iraq moved troops toward Kuwait's borders. It funded two thirds of the \$51 million per year U.N. budget for the Iraq-Kuwait Observer Mission (UNIKOM) that monitored the Iraq-Kuwait border until the 2003 war. During the mid-late 1990s, Kuwait contributed about \$350 million per year to pay for costs incurred by the U.S. military in its Iraq containment operations based in Kuwait. During the 1990s, Kuwait hosted about 1,000 U.S. Air Force personnel participating in the primarily U.S. and British enforcement of a "no fly zone" over southern Iraq, Operation Southern Watch (OSW). OSW ended after Saddam Hussein was toppled. Kuwait hosted additional U.S. forces (about 5,000) during Operation Enduring Freedom in Afghanistan, which succeeded in ousting the Taliban.

Kuwait clearly supported the Bush Administration's decision to overthrow Saddam Hussein with the direct use of U.S. military force, even though Kuwait joined other Arab states in publicly opposing the U.S. action. In Operation Iraqi Freedom (OIF), Kuwait, despite its small size and relatively short border with Iraq, served as the primary staging area for the invasion force, which consisted of about 250,000 personnel and several thousand pieces of armor and related equipment. Part of the U.S. armored force consisted of the brigade worth of armor pre-positioned in Kuwait since 1991. Saudi Arabia, which is larger and has more strategic depth, refused to host large U.S. ground operations unless the United Nations authorized the war, which it did not. OIF forces also operated out of two Kuwaiti air bases that the United States had helped upgrade, Ali al-Salem and Ali al-Jabir, as well as Kuwait international airport, and had use of Kuwait's sea ports and transport facilities. Kuwait provided \$206 million in direct burdensharing support to OIF,

¹ Hajjar, Sami. U.S. Military Presence in the Gulf: Challenges and Prospects. U.S. Army War College, Strategic Studies Institute. March 2002. P. 20.

² Information in this and the following sections taken from Defense Department fact sheets provided to CRS in March 2004.

including base support, personnel support, and supplies, as well as \$60 million in in-kind support (food and laundry service and fuel). The key U.S. headquarters facility in Kuwait had been Camp Doha, just north of Kuwait City, but, just before the 2003 war, the United States moved many of its emplacements in Kuwait to Camp Arifjan, south of the city.³ In part to express appreciation for Kuwait's support to OIF, on April 1, 2004, the Bush Administration designated Kuwait as a "major non-NATO ally (MNNA)," a designation held thus far by only one other Gulf state (Bahrain).

In post-Saddam Iraq, about 50,000 U.S. military personnel remain in Kuwait supporting the 140,000 U.S. forces in Iraq. Kuwait has built a water line into Iraq, it provides assistance to the Polish-led peacekeeping brigade based in Hilla, Iraq, and it runs a humanitarian operation center (HOC) that has provided about \$425 million in assistance to Iraqis since the Saddam regime fell. It pledged an additional \$500 million in aid to the Iraqi government at a post-Saddam donors' conference in Madrid in late 2003. Kuwait has urged U.S. officials to work to discover the fate of about 600 Kuwaitis missing from the 1991 war; the bodies of about 85 missing Kuwaitis have been found in Iraq since the Saddam regime fell. Kuwait also wants to maximize the U.N.-supervised reparations by Iraq for damages caused from the 1990 invasion; much of the awards made or yet to be made will benefit Kuwait's government or firms. However, U.N. Security Council Resolution 1483 (May 22, 2003) reduced to 5%, from 25%, the percentage of Iraqi oil revenues deducted for reparations, likely reducing the rate at which reparations would be paid. Iraq's interim government, with some U.S. backing, is seeking Kuwait's write-off of virtually all of the estimated \$25 billion owed to Kuwait, mostly incurred during the Iran-Iraq war. Kuwait and Iraq agreed to re-establishing diplomatic relations when Iraq's Prime Minister visited Kuwait on July 31, 2004, but embassies have not yet reopened in each country's capital.

Building the Kuwaiti Military. The U.S.-Kuwait defense relationship, by all accounts, has improved the quality of the Kuwaiti military, particularly the air force. The military, which numbered about 17,000 before the 1990 Iraqi invasion, has been rebuilt to nearly that strength, but still fewer than the 25,000 troops recommended in U.S. and British studies in 1991 of Kuwait's defense needs. The fall of Saddam might have been expected to cause a slight relaxation in Kuwait's security posture, but Kuwait now fears threats from instability in violence in Iraq, and from the possibility that Shiite Islamists might hold predominant power in post-Saddam Iraq. In one possible example of spillover from Iraq's violence, on July 27, 2004, Kuwait arrested 11 persons suspected of recruiting in Kuwait for insurgent activities in Iraq.

U.S. arms sales to Kuwait have been a major component of U.S. efforts to strengthen the Kuwaiti military. Recent sales of major systems to Kuwait encountered little congressional opposition, although some doubt Kuwait has sufficient trained manpower to optimize use of all purchased weapons. Kuwait is a "cash customer" — it is not eligible to receive U.S. excess defense articles and receives no U.S. assistance. Major recent Foreign Military Sales (FMS) include:⁴ (1) the purchase of 218 M1A2 tanks

³ Baker, Peter. Kuwait's Landscape of Tents and Tank; United States and British Forces Flood Northern Desert as Buildup Continues. *Washington Post*, Feb. 7, 2003.

⁴ Much of the information in this section provided by the Defense Security Cooperation Agency (continued...)

at a value of \$1.9 billion in 1993 (deliveries were completed in 1998); (2) a 1992 purchase of 5 Patriot anti-missile fire units, including 25 launchers and 210 Patriot missiles, valued at about \$800 million (delivery completed in 1998). Some of them were used to intercept Iraqi short-range missiles launched at Kuwait in the 2003 war; (3) a 1992 purchase of 40 FA-18 combat aircraft (delivery completed in 1999); and (4) a September 2002 purchase of 16 AH-64 (Apache) helicopters equipped with the Longbow fire-control system. Kuwait and the United States are still negotiating some aspects of this agreement, the total value of which is about \$940 million. Kuwait is said to be considering purchasing about 10 additional FA-18 combat aircraft.

Foreign Policy Issues

For nearly a decade after Kuwait's liberation in 1991, Kuwait's fear of Iraq colored virtually all of its foreign policy decisions, particularly its relations with countries that sympathized with Iraq's 1990 invasion. Now that Saddam is no longer in power in Iraq, some Kuwait leaders, including Prime Minister Shaykh Sabah, want to rejoin an Arab consensus on major issues.

Relations With Iran. Kuwait's preoccupation with the Iraqi threat had led it to steadily improve relations with Iran during the 1990s. About 25% of Kuwait's population are Shiite Muslims, the sect that predominates in Iran, and Kuwaiti leaders have always feared that this community could be manipulated by Iran. Kuwait-Iran rapprochement was accelerated by the May 1997 election of the relatively moderate Mohammad Khatemi as Iran's president, with mutual visits and agreements to cooperate against smuggling and illegal immigration in the Gulf. With an Iraqi conventional threat gone, Kuwaiti leaders are growing more wary of Iran. Kuwaiti leaders are wary of the emerging political strength in Iraq of pro-Iranian parties such as the Da'wa (Islamic Call) Party and the Supreme Council of the Islamic Revolution in Iraq (SCIRI). Da'wa activists in Kuwait were allegedly responsible for the December 1983 bombings of the U.S. and French embassies in Kuwait and an attempted assassination of the Amir of Kuwait in May 1985. No recent violence against Kuwait by these groups has been reported.

Arab-Israeli Peace Process. The Arab-Israeli peace process has been far overshadowed by Iraq on Kuwait's foreign policy agenda, although Kuwait might become more engaged on this issue if post-Saddam Iraq stabilizes. On the peace process, Kuwait tries to remain within a broad Gulf state consensus, although it has been far more critical of Palestinian Authority president Yasir Arafat, who publicly supported Iraq in the 1991 Gulf war, than other Arab states have been. As a result of Arafat's alignment with Saddam, a reported 450,000 Palestinian workers were expelled or pressured to leave Kuwait after the 1991 war. Arafat's death could cause Kuwait to rebuild its relations with the mainstream Palestinian leadership and to realign closer to the Saudi and other Arab position on Israeli-Palestinian issues. Partly in deference to U.S. policy, Kuwait participated in multilateral peace talks with Israel that took place during 1992-1997 but, unlike Bahrain, Qatar, and Oman, it did not host sessions of those talks. Commerce Department officials say the Gulf states have generally upheld a 1994 pledge to cease

⁴ (...continued)
in March 2004.

enforcement of the secondary (trade with firms that deal with Israel) and tertiary (trade with firms that do business with blacklisted firms) Arab boycotts of Israel.

Cooperation with the Global War on Terrorism. The State Department report on global terrorism for 2003 (Patterns of Global Terrorism: 2003, released April 2004) praised Kuwait's cooperation against Al Qaeda and against militants seeking to attack U.S. forces in Kuwait. According to the report, Kuwait "continued to implement every U.S.-ordered terrorist organization since the September 11, 2001 attacks." Kuwait, shortly after the attacks, moved to block the accounts of suspected Al Qaeda activists in Kuwait. In August 2002, it hired an auditing firm to ensure that funds donated to the Islamic charities based in Kuwait, such as the Islamic Heritage Revival, do not reach terrorist groups. However, some alleged Al Qaeda attacks have occurred in Kuwait. In four attacks during October 2002 - December 2003, one U.S. marine and one U.S. defense contractor were killed by alleged Al Qaeda gunmen there. A pro-Al Qaeda faction is believed to still be operating in Kuwait; it calls itself "Kuwaiti Hamas." Al Qaeda's chief spokesman, Suleiman Abu Ghaith, is of Kuwaiti origin; he is believed under arrest or close watch in Iran.

Democratization and Human Rights⁵

Kuwait has the longest serving all-elected National Assembly of the Gulf monarchies; the 50 seat body was established by Kuwait's November 1962 constitution. However, the Sabah family controls the highest levels of government and sets overall policy direction. The Amir has sometimes used his power to dissolve the Assembly (1976-81 and 1986-1992) when Assembly members aggressively challenged government policies. The Assembly can vote no confidence in ministers and can veto government decrees made when the Assembly is not in session. Although the voting in Assembly elections has been generally free and fair, critics note that voting is limited to only a portion of Kuwait's citizens. The government has expanded the electorate gradually over the past decade⁶ by extending the franchise to sons of naturalized Kuwaitis and Kuwaitis naturalized for at least twenty (as opposed to thirty) years — raising the electorate to about 130,000, or about 15% of the citizenry. Formal political parties are prohibited, but candidates are allowed to organize as informal groupings, such as the Salafi movement (hardline Islamists); the Islamic Constitutional Movement (moderate Islamist); merchant/nationalist bloc (Popular Bloc); liberal bloc (Kuwait Democratic Forum); and tribal candidates. Kuwaitis also have a parallel tradition of informal consultations in nightly "*diwaniyyas*" (social gatherings) held by many elites.

Assembly elections held on July 5, 2003, resulted in the defeat of many prominent so-called "liberals" who want rapid reform and the election of several new pro-government deputies. The new complexion of the Assembly improved the prospects for passage of a government bill, submitted to the Assembly in May 2004, to give women the right to vote and run. In October 2004, several Islamist deputies said they had

⁵ Much of the information in this section is from the State Department's country report on human rights practices for 2003 and the Department's report on "Supporting Human Rights and Democracy, 2003-2004, by the Bureau of Democracy, Human Rights, and Labor.

⁶ This election was held one year earlier than expected because new elections were required after a brief Assembly suspension by the Amir, precipitated by Assembly challenges on several issues.

dropped their opposition to female suffrage, greatly improving the prospects for that reform, but that they continue to oppose allowing females to be candidates. A government attempt in May 1999 to institute female suffrage by decree was vetoed by the Assembly in November 1999. No women are cabinet members, but there are women in senior positions in several ministries, and a woman became Kuwait's representative to the United Nations in February 2004. On the other hand, little movement is predicted on a draft law to reduce the number of electoral constituencies from 25 to 10, a move intended to reduce the potential for vote buying and tribal influence over election results.

In the 108th Congress, H.Res. 751, introduced July 22, 2004, commends the people of Kuwait (and several other Arab states) for progress on democratization and economic reform. According to the State Department, the U.S. Embassy in Kuwait uses various programming tools, including dialogue and public diplomacy and funds from the Middle East Partnership Initiative (MEPI), to encourage democracy. The Embassy has sponsored several Kuwaitis to attend regional and U.S. conferences and training programs, many of which were focused on women's participation in politics and government.

Official press censorship ended in 1992, and Kuwait's vibrant press often criticizes government policy. Kuwait permits some public worship by non-Muslim faiths and has seven officially recognized Christian churches of various denominations. Shiite Muslims report official discrimination, including limited access to religious education; there are five Shiites in the Assembly and one in the cabinet. The government allows one trade union per occupation; the only legal union is the Kuwait Trade Union Federation (KTUF). There continue to be reports of abuses of mostly Asian domestic workers.

Economic Policy

Although Kuwait has a relatively open economy, U.S. officials have attempted to persuade Kuwait to open its economy to foreign investment in order to attract technology and expand the private sector. During 2004, Prime Minister Shaykh Sabah has visited several east Asian nations with open economies, such as Singapore, in an effort to identify potential models for future Kuwaiti economic reform. Kuwait's state-owned oil industry still accounts for 75% of government income and 90% of export earnings. The United States imports about 260,000 barrels per day in crude oil from Kuwait, equal to about 3% of U.S. oil imports. Kuwait's proven crude oil reserves are about 95 billion barrels, about 10% of total proven world oil reserves and enough for about 140 years at current production levels (about 2 million barrels per day). The Kuwaiti government is moving forward to open its northern oil fields to foreign investors ("Project Kuwait"), but the National Assembly has not yet approved it because there is considerable opposition. Several U.S. energy firms, including Exxon Mobil, Chevron Texaco, and Conoco Phillips, are part of consortia bidding on the project. Consideration is also being given to introducing some form of taxation on incomes.

In 1994, Kuwait became a founding member of the World Trade Organization (WTO). In February 2004, the United States and Kuwait signed a Trade and Investment Framework Agreement (TIFA), often viewed as a prelude to a free trade agreement (FTA).